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Held at Headquarters, New York, on Tuesday, 14 December 1999, at 10 a.m.

Chairman: Mr. Olhaye ..... (Djibouti)

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The meeting was called to order at 10.20 a.m.

Agenda item 97: Macroeconomic policy questions *(continued)*

(b) Financing of development, including net transfer of resources between developing and developed countries *(continued)*

Draft resolutions on the establishment of a stable international financial system, responsive to the challenges of development, especially in the developing countries (A/C.2/54/L.38 and A/C.2/54/L.72)

1. **Mr. Brauzzi** (Italy), Vice-Chairman, introduced draft resolution A/C.2/54/L.72, which had been prepared on the basis of informal consultations on draft resolution A/C.2/54/L.38.

2. **Mr. Gallagher** (United States of America) requested a recorded vote.

3. **The Chairman** said that he was extremely disappointed at the need for a vote as the Second Committee always took the trouble to hold extended, unofficial, open-ended consultations in the hope of achieving consensus. That had been the procedure followed for draft resolution A/C.2/54/L.38, which had become draft resolution A/C.2/54/L.72, on which a consensus *ad referendum* had been arrived at. The vote that had been requested was an unfortunate precedent which could adversely affect the Second Committee's methods of work, which had so far yielded excellent results.

4. **Mr. Talbot** (Guyana), speaking on behalf of the Group of 77 and China, said that he shared the Chairman's disappointment. The sponsors of the draft resolution had wished to contribute to the ongoing debate in various international forums on ways of enhancing the stability of the international financial system so as to promote prosperity and growth worldwide. They believed, firstly, that in reforming the international financial system more attention should be paid to development and in particular to the needs of the developing countries and, secondly, that the United Nations had a vital role to play in bringing about an international consensus on what reforms should be made to that end. They thought that those beliefs were widely shared by the international community and could not imagine that anyone could oppose taking development into account in reforming the international financial system, a system that impacted everyone's day-to-day existence.

5. The draft resolution had been the subject of intensive, constructive and transparent consultations which had led to a consensus. It was very much to be regretted that that consensus had not held. The vote requested by the United States delegation was a grave precedent for the work of the Committee and ran counter to its working methods and the spirit that had previously prevailed in its work. The Group of 77 and China would vote in favour of draft resolution A/C.2/54/L.72.

6. **Mr. Escanero** (Mexico) recalled that draft resolution A/C.2/54/L.72 had a precedent in General Assembly resolution 53/172, entitled "The financial crisis and its impact on growth and development, especially in the developing countries". In order to support the process of reflection initiated by that resolution in September 1999 the Government of Mexico, with the support of the Economic Commission for Latin America and the Caribbean, had convened a high-level regional meeting on the establishment of a more stable and predictable international financial system and its impact on social development. The participants had included high-ranking officials from the countries in the region, specialists and representatives of multilateral organizations active in the financial and social fields. The final document of that meeting had been issued as document A/54/384 and submitted to the General Assembly. Mexico had also made available to the Assembly working paper A/C.2/54/WP.1, with a view to making a useful contribution to the debate on international financial stability and development. In the same spirit Mexico had co-sponsored, with the Group of 77 and China, draft resolution A/C.2/54/L.38, which, after intensive unofficial consultations, had become draft resolution A/C.2/54/L.72. Mexico would continue to support efforts towards finding a consensus on improving early warning, prevention and response systems for dealing with financial crises within the context of a strategy predicated on the will to achieve equitable development.

7. **Mr. Osio** (Nigeria) said that he too was disappointed by the request made by the United States delegation and concerned by the precedent it set: it would be the first time that a text submitted by a Vice-Chairman was put to the vote. His delegation would

vote in favour of the draft resolution, but it would have been preferable to avoid a vote.

8. **Ms. Djatmiko-Singgih** (Indonesia) said that her delegation associated itself with the statement made by Guyana on behalf of the Group of 77 and China. She recalled that the negotiations on the draft resolution had lasted nearly two weeks. Delegations had shown commitment, good will and a spirit of cooperation during the consultations, and draft resolution A/C.2/54/L.72 differed greatly from draft resolution A/C.2/54/L.38. It was difficult to understand how, after protracted negotiations which had led to a consensus, a delegation could ask for a vote to be taken. She wondered if that meant that a delegation could, on instructions from a Government, renege at any time on what had already been negotiated in good faith. She hoped that no similar incidents would occur in the future because the credibility of the negotiating process was at stake.

9. **Mr. Edow** (Kenya) associated himself with the statements made by the Chairman and previous speakers. He asked why the draft resolution must be put to the vote when a consensus had been reached on the text.

10. **The Chairman** said that he understood the feelings expressed by the representative of Kenya and could only rely that a consensus *ad referendum* had been reached on the text in question.

11. **Mr. Gallagher** (United States of America) explained that his delegation could not support the draft resolution because the recommendations contained in it surpassed the mandate of the United Nations General Assembly and prejudged the work of the international financial institutions regarding the strengthening of the international financial system. The draft resolution was at a minimum interference in the work of the international financial institutions. The strengthening of the international financial system was a high priority for the United States, which believed that a global consensus on the issue was emerging. The International Monetary Fund, the World Bank and the Financial Stability Forum remained the competent forums in respect of reforms to the international financial system, and all countries should support their work. The United States believed also that the draft resolution gave too much weight to the role of the international community while not calling for all countries to take charge of their own policies. The United States supported the dialogue between the United Nations and the relevant international organizations towards achieving development goals.

12. *A recorded vote was taken on draft resolution A/C.2/54/L.72.*

In favour:

Algeria, Angola, Antigua and Barbuda, Argentina, Australia, Austria, Bahamas, Bangladesh, Barbados, Belarus, Belgium, Benin, Bolivia, Botswana, Brazil, Brunei Darussalam, Bulgaria, Burkina Faso, Cambodia, Cameroon, Canada, Cape Verde, Chile, China, Colombia, Costa Rica, Côte d'Ivoire, Croatia, Cuba, Cyprus, Czech Republic, Denmark, Dominican Republic, Ecuador, Egypt, Equatorial Guinea, Eritrea, Ethiopia, Fiji, Finland, France, Gabon, Georgia, Germany, Ghana, Greece, Grenada, Guatemala, Guyana, Haiti, Hungary, Iceland, India, Indonesia, Ireland, Israel, Italy, Japan, Jordan, Kazakhstan, Kenya, Lao People's Democratic Republic, Lesotho, Liechtenstein, Lithuania, Luxembourg, Malaysia, Maldives, Malta, Marshall Islands, Mexico, Monaco, Mongolia, Mozambique, Namibia, Nepal, Netherlands, New Zealand, Nigeria, Norway, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Poland, Portugal, Qatar, Republic of Korea, Romania, Russian Federation, Saint Lucia, San Marino, Senegal, Singapore, Slovakia, Solomon Islands, South Africa, Spain, Sri Lanka, Sudan, Suriname, Sweden, Syrian Arab Republic, Thailand, Togo, Tunisia, Turkey, Uganda, Ukraine, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, Uruguay, Venezuela, Viet Nam, Yemen, Zambia, Zimbabwe.

Against:

United States of America.

Abstaining:

None.

13. *Draft resolution A/C.2/54/L.72 was adopted by 120 votes to 1.*

14. *Draft resolution A/C.2/54/L.38 was withdrawn.*

15. **Ms. Vargas** (Costa Rica), said that agreements must be abided by: *pacta sunt seranda.* When a

consensus was arrived at after consultations during which every party had had the opportunity to have its say, it was difficult to understand how some parties should make known views about which they had previously kept quiet. Her delegation had voted in favour of the draft resolution and in so doing had expressed its support for and gratitude to the Vice-Chairman of the Second Committee.

16. **Mr. Kääriäinen** (Finland), speaking on behalf of the European Union, which had voted in favour of the resolution, said that the delegations of Bulgaria, Cyprus, the Czech Republic, Hungary, Lithuania, Malta, Poland, Romania and Slovakia associated themselves with his explanation of vote. The European Union had participated in the consultations on the draft resolution and had thought that delegations had arrived at a consensus. All Member States had the right to request that a text should be put to the vote, but the European Union hoped that delegations would make use of that right as seldom as possible. The goal of any negotiations should remain consensus.

17. **Mr. March** (Australia) said that his delegation had vote in favour of the draft resolution, which perhaps had shortcomings but had been the subject of negotiations in which Australia had participated. The problems the draft resolution had come up against could possibly be considered at the fifty-fifth session. The Committee might perhaps look into the possibility of entering as quickly as possible into informal consultations, promoting genuine dialogue and stressing the rights and responsibilities of each member.

18. **Mr. Rakotonaivo** (Madagascar), Mr. **Hovhannisyan** (Armenia) and **Mr. Bogoreh** (Djibouti) said that if their delegations had been present during the voting, they would have voted in favour of the draft resolution.

Agenda item 99: Sustainable development and international economic cooperation *(continued)*

(f) Implementation of the programme of action for the least developed countries for the 1990s *(continued)*

Draft resolutions on the implementation of the Programme of Action for the Least Developed Countries for the 1990s (A/C.2/54/L.39 and A/C.2/54/L.73)

Programme budget implications of draft resolution A/C.2/54/L.73 (A/C.2/54/L.74)

19. **The Chairman** invited the Committee to take action on draft resolution A/C.2/54/L.73, which had been prepared on the basis of informal consultations on draft resolution A/C.2/54/L.39. He drew attention to document A/C.2/54/L.74, which set out the programme budget implications of draft resolution A/C.2/54/L.73, and read out the following statement:

> "It is the understanding of the Committee that the resources proposed in the programme budget implications statement (A/C.2/54/L.74) are additional to the resources contained in the proposed programme budget for the biennium 2000-2001, for the preparation, holding and follow-up of the Third United Nations Conference on the Least Developed Countries. Should the additional resources proposed in that programme budget implications statement prove to be insufficient to enable UNCTAD to implement the requirements of paragraphs 2, 4, 5 and 16 of the resolution to be adopted by the Second Committee, the Secretary-General may bring this situation to the attention of the General Assembly at its fifty-fifth session, and submit appropriate proposals for consideration by the General Assembly at that session."

20. **Mr. Niculescu** (Romania), Vice-Chairman, introduced draft resolution A/C.2/54/L.73, on which a consensus *ad referendum* had been arrived at following intensive consultations.

21. *Draft resolution A/C.2/54/L.73 was adopted.*

22. *Draft resolution A/C.2/54/L.39 was withdrawn.*

23. **The Chairman** proposed the following draft decision:

> "The General Assembly takes note of the following draft documents:
>
> "Report of the Secretary-General on the state of preparations for the Third United Nations Conference on the Least Developed Countries (A/54/271); and
>
> "Report of the Secretary-General on the progress in the implementation of the Programme of Action for the Least Developed Countries (A/54/269 and Corr.1)."

24. *The draft decision was adopted.*

25. **The Chairman** informed the Committee that the President of the General Assembly had asked him to try to ensure that the Committee finished its work by Friday, 17 December, at the latest.

The meeting rose at 11.10 a.m.